

ANALYSIS

9 July 2015

Consumer price indices in Q2 2015

The month-on-month and year-on-year growth of consumer prices accelerated in Q2 2015. The total consumer price level increased by 0.6% in Q2 2015 compared with Q1 2015. Consumer prices rose by 0.7% in Q2 2015, year-on-year, which was 0.6 percentage point up on Q1 2015.

The **quarter-on-quarter** (q-o-q) development of consumer prices in Q2 was influenced by a price increase in 'clothing and footwear', 'transport', 'health', 'alcoholic beverages and tobacco'. The rise in prices in 'clothing and footwear' came mainly from higher prices of new summer models of garments and shoes. In 'transport', the development of prices was influenced primarily by automotive fuel, prices of which increased by 5.1% in Q2 2015 after a drop in Q4 2014 and Q1 2015. In 'alcoholic beverages and tobacco', prices of tobacco products rose by 3.2% due also to fading impact of amendments to the Excise Duty Act of December 2014. In 'health', the seasonal increase in prices of stays at spas occurred. A growth of prices in 'food and non-alcoholic beverages' came especially from higher prices of fruit by 6.2% and vegetables by 12.1%, of which potatoes by 28.3%. In 'restaurants and hotels', prices of catering services and accommodation services went up (0.3% and 1.4%, respectively). An average month-on-month growth rate of the overall consumer price index was 0.2% in Q2 2015. It was 0.0% in Q2 2014.

Consumer price indices (the previous quarter = 100)

DIVISION	2014			2015	
	Q2	Q3	Q4	Q1	Q2
TOTAL	100.2	100.1	99.8	100.1	100.6
Food and non-alcoholic beverages	99.0	98.7	99.8	100.8	100.5
Alcoholic beverages and tobacco	99.5	100.5	99.9	103.6	101.4
Clothing and footwear	105.0	98.1	105.0	96.6	104.0
Housing, water, electricity, gas and other fuels	100.2	100.4	100.1	100.4	100.2
Furnishings, household equipment and routine household maintenance	100.3	99.4	99.8	100.5	100.5
Health	101.8	100.9	100.1	90.9	101.5
Transport	100.1	100.8	98.6	95.6	101.9
Communication	99.4	98.8	99.5	100.2	99.6
Recreation and culture	99.7	102.2	97.2	101.7	99.9
Education	100.2	100.4	100.5	100.2	100.0
Restaurants and hotels	100.6	100.5	100.1	100.4	100.5
Miscellaneous goods and services	100.4	100.7	100.3	100.9	100.2

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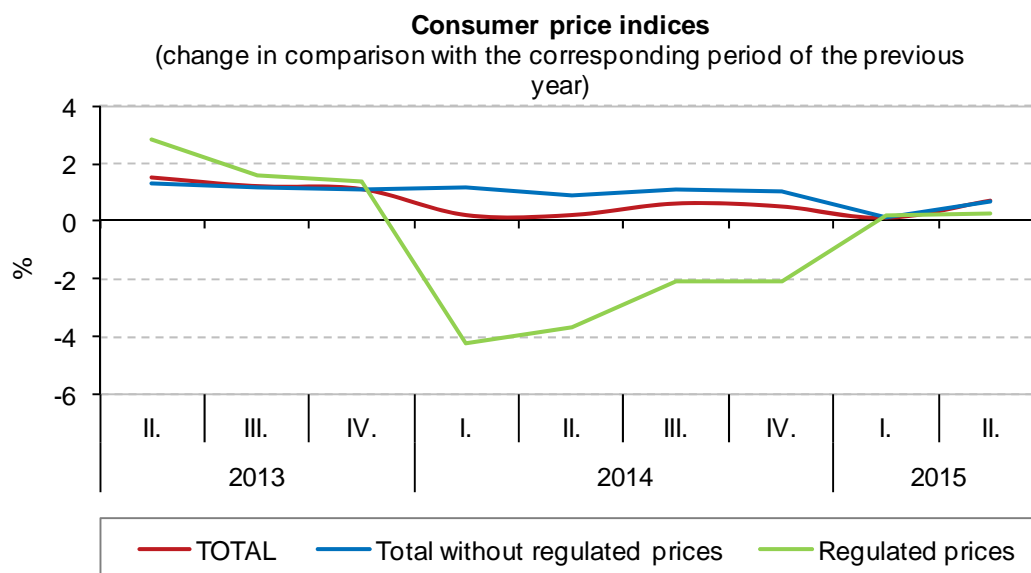
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Consumer prices rose by 0.7%, **year-on-year** (y-o-y), in Q2 2015, i.e. 0.6 percentage point up on Q1 2015. The development came from an acceleration of prices in 'alcoholic beverages and tobacco', and a slowdown in the price drop in 'food and non-alcoholic beverages' and in 'transport'. Price changes in the development of those divisions were reflected particularly in an increase in the index of market prices. The index of regulated prices was influenced especially by energy prices, which had rather decreasing trend or were unchanged in the past two to three years.

The growth of market prices accelerated to 0.7% in Q2 2015 from 0.1% in Q1. Regulated prices rose by 0.3% (from a 0.2% growth in Q1).



In '**alcoholic beverages and tobacco**', the price growth of tobacco products accelerated to 8.8% from 5.5% in Q1 2015 due partly to cigarette excise tax increases and partly to the market.

The growth of the price level came also from prices in '**clothing and footwear**', where prices of garments increased by 1.7% and shoes and other footwear by 8.5%.

In '**housing, water, electricity, gas and other fuels**', prices of energy and other items remained at the level of Q1. Natural gas prices rose by 4.5%, water supply by 3.4%, sewage collection by 2.8%. Prices of electricity were lower (-0.3%). The rise in prices of net actual rentals accelerated to 1.5% and heat to 2.1% (from 1.1% and 0.9%, respectively in Q1).

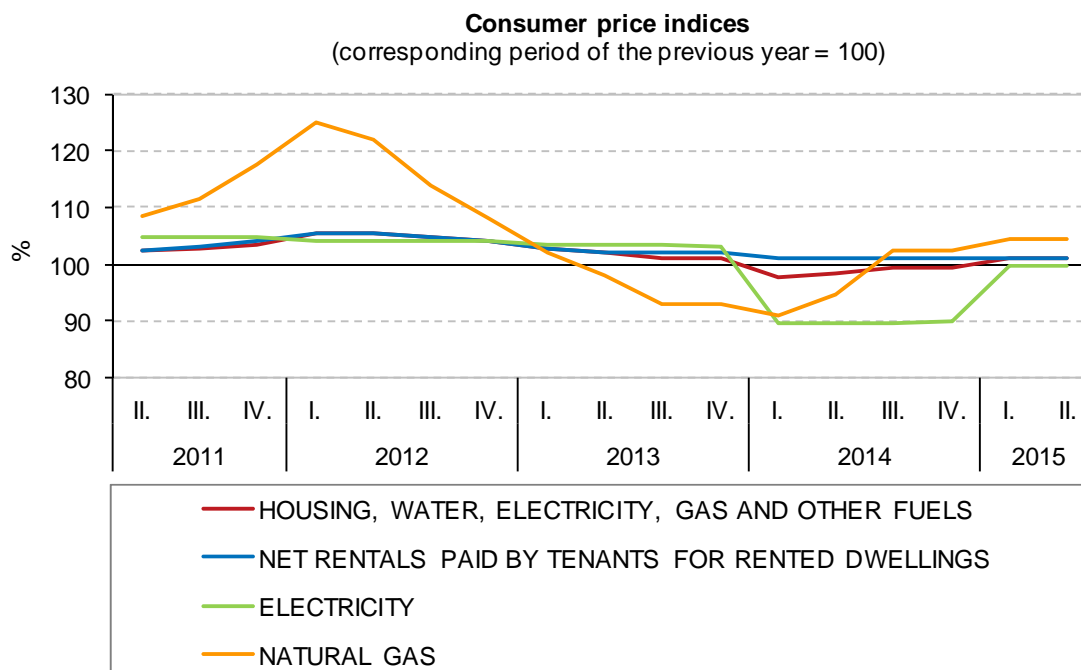
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In 'recreation and culture', a moderate acceleration in the price growth was shown, which was caused by an increase in prices of package holidays by 5.6% (5.4% in Q1). At the same time, the long-term fall slowed down in prices of equipment for the reception, recording and reproduction of sound and pictures (-10.2%).

The reduction in the price level came, even though their influence causing decline decreased significantly, from prices in 'food and non-alcoholic beverages', which were lower only by 0.1% in Q2 (-1.6% in Q1). This development was influenced mainly by prices of fruit, which turned to a growth by 4.2% in Q2 from a decline (-6.4%) in Q1. A similar trend, i.e. turnover from the drop to a rise was recorded also for vegetable prices. The reason was both an increase in prices of vegetables cultivated for their fruit by 26.2% and a slowdown in the decrease in potato prices to -12.9% from -36.0% in Q1. The majority of other main groups of food products had rather decreasing trend (bread and cereals, meat, milk, cheese, eggs).

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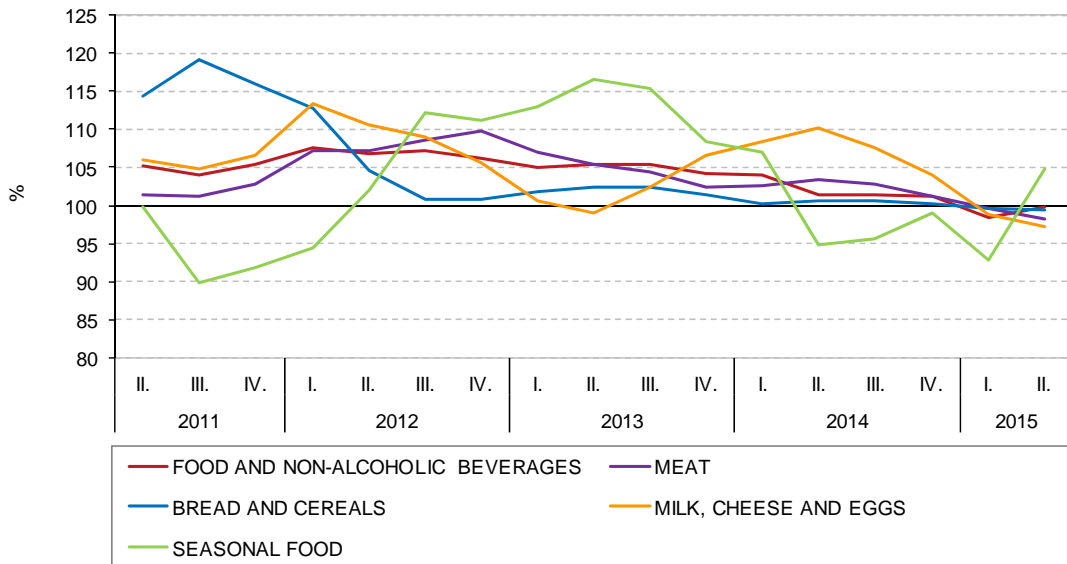
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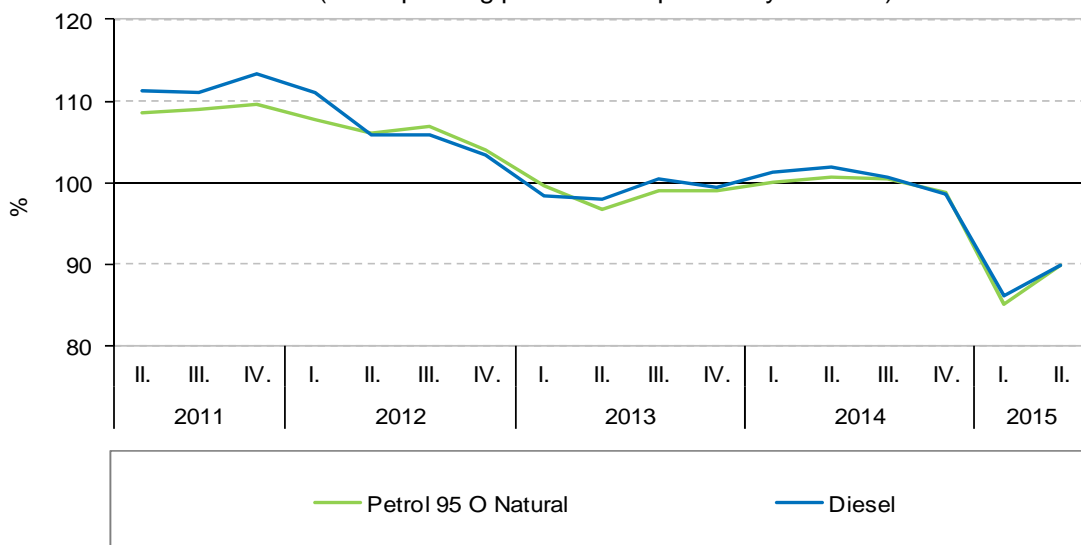
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Consumer price indices
(corresponding period of the previous year = 100)



As for prices in 'transport' their decrease causing influence on the price level slowed down as well. It was due to the development in automotive fuel prices, which went down, month-on-month (m-o-m), permanently since October 2014 until February 2015. This led to a deepening of the y-o-y decline in individual months, which culminated in February 2015 (-17.1%). The trend reversed in March 2015 and automotive fuel prices started to rise permanently, m-o-m, which resulted in the gradual moderation of their y-o-y decline.

Consumer price indices
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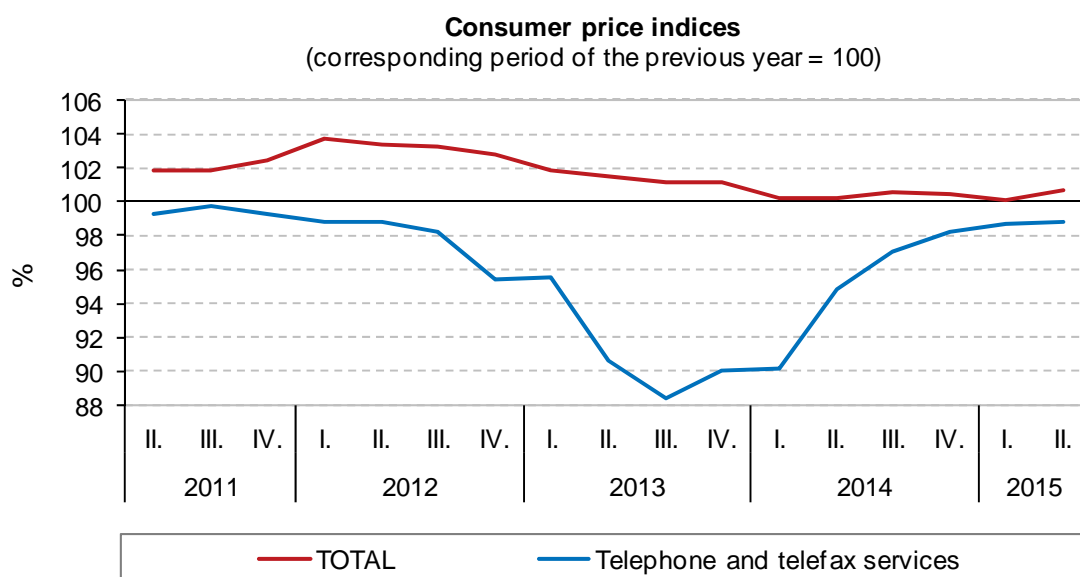
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In **'health'**, an abolition of regulatory fees for a doctor's visit and fees in the dispensing of prescription medicines occurred in January 2015, which caused a price drop in this division (-6.8%).

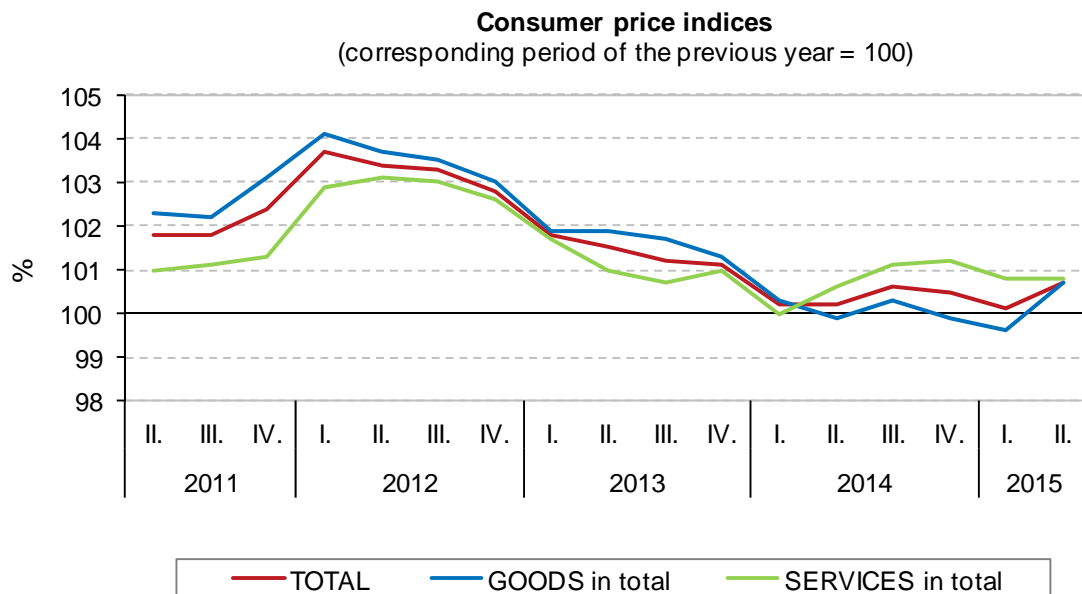
In **'communication'**, the trend to mitigate the y-o-y decline in prices of telephone and telefax services, which started in mid 2013 and stood at -1.2% in Q2 2015, continued. Prices of postal services were higher by 8.4%.



The **y-o-y drop** in prices slowed down also in household appliances in **'furnishings, household equipment and routine household maintenance'** (to -0.3% from -1.0% in Q1).

Consumer price movements, which were mentioned above, had an impact on the increase in prices of **goods in total** by 0.7% (-0.4% in Q1 2015), while prices of **services** rose by 0.8% (the same as in Q1).

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Harmonized index of consumer prices in the EU28

According to Eurostat data, the y-o-y change of the average harmonized index of consumer prices (HICP) in the EU28 was 0.0% in April and 0.3% in May. In the Czech Republic (CR), the y-o-y increase in the HICP was 0.5% and 0.7%, respectively. According to preliminary data, the HICP in the CR rose by 0.9%, y-o-y, in June. It can be seen in the chart below that the inflation development in the CR and in the EU was similar. The y-o-y inflation decreased gradually in the previous two years; however, the HICP figures in the CR in 2014 compared with the HICP figures in the EU28 recorded two sided fluctuations. Since the beginning of the year 2014, the increase in the HICP in the CR recorded a more substantial drop than the rise in the HICP in the EU28. Nevertheless, this trend changed in the second half of 2014. In the Q1 2015, both indices turned negative, from which they emerged in the following months and started to grow.

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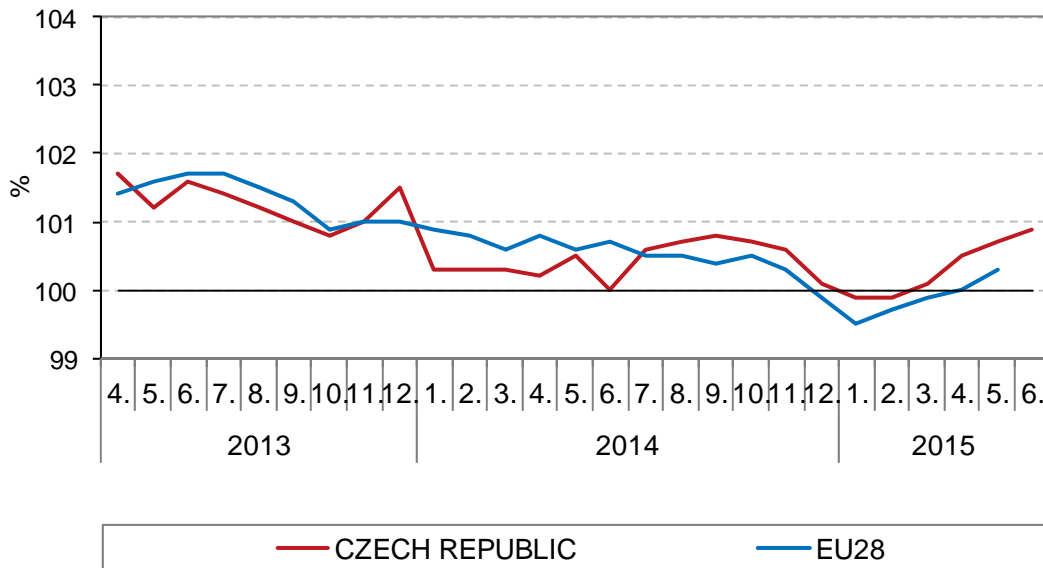
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COICOP	Division	Constant weights of 2012 (per mille)	2014			2015				
			Corresponding period of the previous year = 100							
			Q 2	Q 3	Q 4	Q 1	April	May	June	Q 2
0	Total	1000.0	100.2	100.6	100.5	100.1	100.5	100.7	100.8	100.7
01	Food and non-alcoholic beverages	170.8	101.5	101.4	101.2	98.4	99.3	99.7	100.6	99.9
01.11	<i>Bread and cereals</i>	27.2	100.6	100.6	100.3	99.7	99.8	98.4	100.1	99.4
01.12	<i>Meat</i>	40.6	103.3	102.8	101.3	99.6	98.1	98.4	98.3	98.2
02	Alcoholic beverages and tobacco	95.0	102.9	102.7	101.4	103.4	105.8	105.0	105.5	105.4
03	Clothing and footwear	32.9	103.1	103.2	103.6	104.5	103.9	103.4	103.3	103.5
04	Housing, water, electricity, gas and other fuels	265.6	98.3	99.3	99.4	101.1	101.1	101.2	101.3	101.2
04.111	<i>Net rentals paid in rented dwellings</i>	36.2	100.9	101.0	101.1	101.1	101.4	101.7	101.4	101.5
04.511	<i>Electricity</i>	47.4	89.5	89.6	90.0	99.7	99.7	99.7	99.7	99.7
04.521	<i>Natural gas</i>	29.3	94.8	102.4	102.4	104.5	104.5	104.5	104.5	104.5
05	Furnishings, household equipment and routine household maintenance	61.1	99.3	99.5	99.9	99.9	100.3	100.3	99.9	100.2
06	Health	23.8	98.0	98.8	99.5	93.4	93.2	93.2	93.0	93.2
07	Transport	101.3	100.3	100.5	100.0	95.1	96.2	96.9	97.1	96.7
07.221	<i>Automotive fuels</i>	36.1	101.0	100.5	98.8	85.4	88.9	90.4	90.3	89.8
08	Communication	30.6	94.8	96.6	97.4	97.9	97.9	98.2	98.3	98.1
09	Recreation and culture	87.6	100.6	100.7	99.9	100.8	100.7	101.0	101.2	101.0
09.60	<i>Package holidays</i>	19.1	104.2	104.0	103.5	105.4	104.8	105.4	106.6	105.6
10	Education	7.4	101.4	101.4	101.3	101.2	101.1	101.1	101.1	101.1
11	Restaurants and hotels	55.6	101.7	101.7	101.7	101.7	101.5	101.7	101.5	101.6
12	Miscellaneous goods and services	68.3	100.6	101.8	102.2	102.4	102.3	102.5	101.7	102.1

Elaborated by Consumer Prices Statistics Unit of the CZSO

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